

## Message Text

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PAGE 01 STATE 183199  
ORIGIN EB-08

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DRAFTED BY EB/ITP/EWT - AJREICHENBACH:LLB  
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EUR/NE - RWOODS  
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EUR/SOV - JCOLBERT (INFO)

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O R 042115Z AUG 77  
FM SECSTATE WASHDC  
TO AMEMBASSY STOCKHOLM IMMEDIATE  
INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 183199

E.O. 11652: GDS

TAGS: ETRD, SW, UR

SUBJECT: STANSAAB ATC CONTRACT WITH USSR

REF: STOCKHOLM 3226

1. THE SWEDISH EMBASSY HAS INFORMED US THAT THE RECENT ARTICLE IN "BUSINESS WEEK" HAS CAUSED A FLURRY OF INQUIRIES BY THE PRESS IN SWEDEN ON THE U.S. POSITION VIS-A-VIS THE STANSAAB APPLICATION FOR EXPORT LICENSES FOR CERTAIN COMPONENTS REQUIRED FOR THE ATC SYSTEM SOLD BY STANSAAB TO THE SOVIETS. THE ARTICLE, FROM THE AUGUST 8 ISSUE, IS QUOTED IN ITS ENTIRETY FOR ADDRESSEES' INFORMATION:

2. QUOTE: WORLD ROUNDUP: SOVIET UNION: SWEDISH FOREIGN MINISTER KAREN SODER APPARENTLY HAS PERSUADED THE U.S. COMMERCE DEPARTMENT TO PERMIT THE EXPORT OF \$200,000  
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WORTH OF INTEGRATED CIRCUITS FOR INCLUSION IN A NEW AIR TRAFFIC CONTROL CENTER BEING BUILT AT MOSCOW'S VNUKOVO AIRPORT BY STANSAAB, A SMALL SWEDISH COMPANY. COMMERCE WAS AGAINST THE EXPORT OF THE MILITARILY IMPORTANT CIRCUITS, AND THE SWEDES CLAIMED THAT ITS OPPOSITION WAS INFLUENCED BY LOBBYING FROM ONE OF THE U.S. COMPANIES THAT LOST OUT IN THE BIDDING FOR THE PROJECT. THE U.S.

COMPANIES INCLUDED IBM, RCA, RAYTHEON, LOCKHEED, AND UNIVAC. THE \$74 MILLION VNUKOV O CONTRACT IS A MAKE-OR-BREAK DEAL FOR STANSAAB, WHICH LOST \$760,000 ON SALES OF \$63.5 MILLION LAST YEAR. SUCCESS AT VNOKOVO COULD WIN STANSAAB THE INSIDE TRACK ON SEVERAL OTHER BIG RUSSIAN AIR-CONTROL DEALS. UNQUOTE.

3. IN THE EVENT THE EMBASSY IS QUERIED BY THE PRESS, IT SHOULD MAKE CLEAR THAT THE POLICY OF THE USG DICTATES THAT NO PUBLIC DISCUSSION OF PENDING EXPORT LICENSE APPLICATIONS CAN BE HELD WHILE THE APPLICATION IS BEING CONSIDERED. THE EMBASSY MAY WISH TO DESCRIBE THE LICENSING FUNCTION, BUT THAT WOULD SEEM TO BE OF LIMITED INTEREST TO THE SWEDISH PRESS; HOWEVER, AGREE THAT COMMENT ON USG ACTING IN ACCORDANCE WITH USUAL EXCON POLICY, APPLYING IT WITHOUT DISCRIMINATION BETWEEN U.S. AND FOREIGN APPLICANT (PARA 3 REFTEL) WOULD BE APPROPRIATE. YOU MAY ALSO INDICATE THAT THERE WERE CERTAIN ASPECTS OF THE ORIGINAL STANSAAB APPLICATION WHICH THE USG DID NOT FIND ACCEPTABLE FROM A SECURITY STANDPOINT, BUT THAT THE REPRESENTATIVES OF STANSAAB HAVE WORKED CLOSELY WITH THE USG AUTHORITIES TO ELIMINATE THOSE FEATURES WHICH THE U.S. FOUND OBJECTIONABLE. A DECISION ON THE APPLICATION IS ANTICIPATED SHORTLY.

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4. FOR EMBASSY INFO AND USE WITH MFA AS APPROPRIATE: STANSAAB'S ORIGINAL LICENSE APPLICATION WAS DENIED (STATE 151132) AND A MODIFIED VERSION WAS SUGGESTED BY US EXCON AUTHORITIES TO WEDEL. IN DISCUSSIONS WITH HIM, AN ACCEPTABLE MODEL WAS WORKED OUT AND A REVISED APPLICATION WAS SUBMITTED BY THE FIRM. (WE ASSUME THAT THE MODIFIED VERSION WAS ACCEPTABLE TO THE SOVIET CUSTOMER.) THIS REVISED APPLICATION HAS NOW BEEN REVIEWED BY COMMERCE TECHNICIANS WHO ARE COMPARING IT WITH THE VERSION ORALLY DISCUSSED BETWEEN COMMERCE AND WEDEL. IT WILL THEN BE SUBMITTED TO THE INTERAGENCY COMMITTEE FOR ACTION. HOWEVER, THIS WILL NOT TAKE PLACE ON AUGUST 5, AS REPORTED IN STOCKHOLM'S 3226, BUT AT THE EARLIEST THE WEEK OF AUGUST 8. WE HAVE INFORMED THE SWEDISH EMBASSY OF THE DELAY AND THE REASON FOR IT. IN THE EVENT FURTHER CLARIFYING INFORMATION IS REQUIRED, WEDEL WILL BE CONTACTED BY COMMERCE'S RAUER MEYER ON THE SPECIFICS.

5. WE WILL SIMULTANEOUSLY INFORM THE EMBASSY AND THE SWEDISH EMBASSY HERE OF FURTHER DEVELOPMENTS OR IF FINAL ACTION ON THIS APPLICATION HAS BEEN COMPLETED. CHRISTOPHER

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**TAGS:** ETRD, SW, UR  
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**Review Markings:**  
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